

# Fact Sheet

## CORPORATE GOVERNANCE

**California Public Employees' Retirement System • 400 Q Street • Sacramento, California 95814**

### **CalPERS 2006 Focus List Company At-A-Glance**

**Brocade Communications Systems (BRCD)** – San Jose, California

**CalPERS' Holdings:** 958,000 shares (0.36% of outstanding shares)

Total Return Performance for Selected Periods Ending 03/31/06

<b>Time Period Ended 3/31/2006</b>	<b>Brocade Communications Sys (BRCD)</b>	<b>S&amp;P 500 Index</b>	<b>Russell 2000 Technology Index</b>
5 years	-68.02%	21.46%	4.72%
3 years	36.89%	61.05%	93.22%
1 year	12.84%	11.72%	33.05%

Source: FactSet

### **The Problems:**

- Brocade's stock has declined by over 68% in the last 5 years ending March 31st.
- Shareowner rights are limited and the company employs excessive takeover defenses. Shareowners may not call special meetings or act by written consent. The company has a classified board structure, 67% supermajority voting requirements for shareowners to amend key portions of the charter and bylaws, and a poison pill that is not shareowner approved.
- No majority voting for directors.
- Concern over lack of audit/financial expertise and strategic industry expertise on the board. Three directors recently stepped down, which leaves only 2 members on the Audit Committee.

### **CalPERS 2006 Shareowner Proposal:**

CalPERS seeks to remove the 67% supermajority requirements necessary to amend key portions of the company's charter and bylaws. CalPERS believes that a majority of shareowner votes should be required to amend the charter and bylaws.